

**Domestic Market Updates:**

**Cash wheat market continues to trade range bound** despite ongoing lean season and short supply of superior grades at various producing centers. Regular supply of milling grade through OMSS supported by higher production prospects based on higher acreage and ample water availability in Rajasthan and M.P. this year remain restrictive for any uptrend at this point of time.

**Crop condition in M.P. Gujarat, Rajasthan, Punjab ,Haryana and Uttar Pradesh** has been reported good so far. As per traders feedback India is heading towards bumper production once again given the favorable weather condition, However, temperature in the month of Jan and Feb remains crucial for the final size of the crop.

**Wheat stock in Central pool was 299.39 lakh** tones as on 16th December 2013 . Punjab has the highest wheat stock in central pool at 111.50 lakh tones followed by Haryana at 65.55 lakh tones.

**Domestic market is expected to trade steady to weak** owing to stockiest/traders increased releases in market as they expect good crop ahead. Market participants think that government may either decrease OMSS prices or increase allocation to make way for expected bumper crop ahead and contain price rise.

**MMTC has received the highest bid of USD 283.11/MT from Cargill** for 30,000MT wheat. Tender was issued to 100,000 MT of wheat and second highest bid was from Emmsons Gulf DMCC for USD 282.11/MT.

**STC has received the highest bid of USD 288.30/T from Promising International** for 40000MT wheat tender. Tender was issued for 200,000 MT of wheat to be exported from west port to be delivered by early Feb. Emmsons Gulf DMCC was the second highest bidder at USD 281.21/MT.

**Wheat sowing in 2013-14 Rabi season has reached 273.37 lakh hectares** as compared to 253.20 lakh tones which is almost 8% more than previous year owing to good weather conditions and ample water availability.

**Good production prospects, balanced supply-demand** side and regular release from central pool stock have pressurized cash wheat market.

**Weather Watch: (Source-IMD)**

Rain/snow would occur at isolated places over Jammu &Kashmir and Himachal Pradesh during next 24 hours and at many places thereafter

Rain/snow would occur at isolated places over Uttarakhand on 31st Dec. and at a few places over thereafter.

Rain/thundershowers would occur at isolated places over Punjab, Haryana & Delhi and north Rajasthan on 31st Dec. and increase thereafter.

Light rain/thundershowers would occur at isolated places over west Uttar Pradesh and west Madhya Pradesh on 31st Dec. and 1st January.

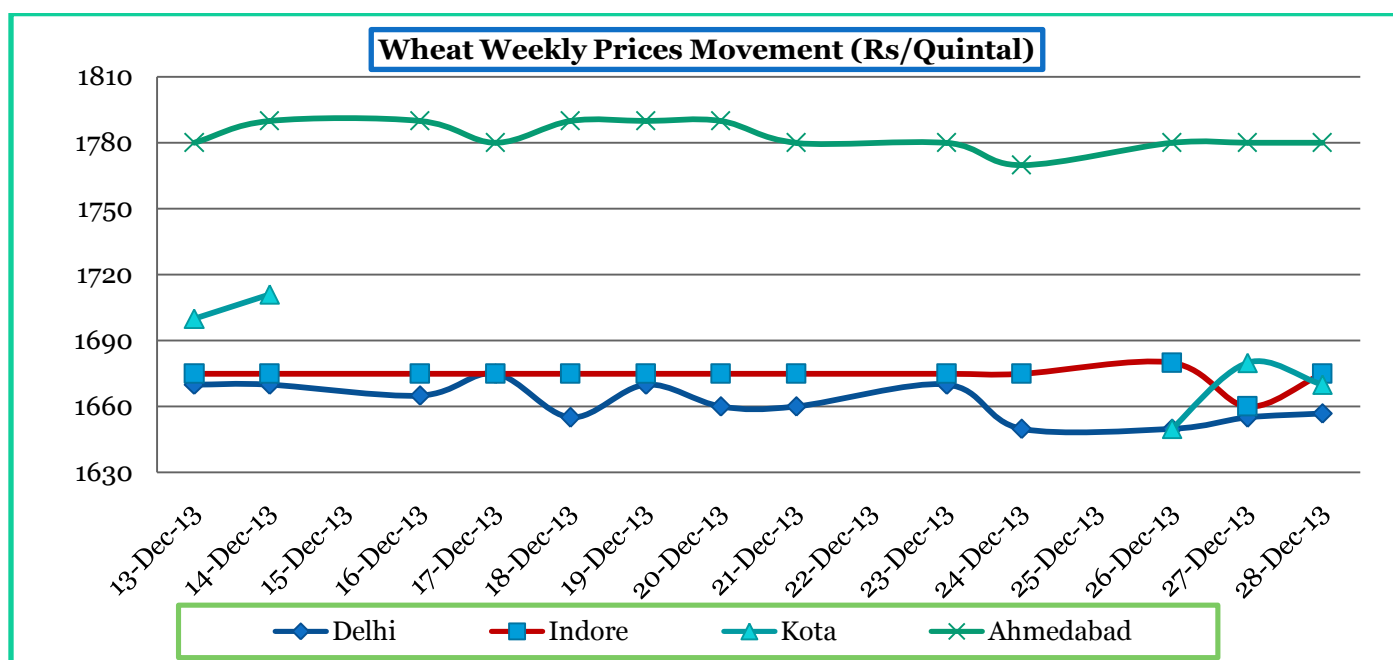
Rain/thundershowers would occur at a few places over Nicobar Islands during next 48 hours and isolated thereafter.

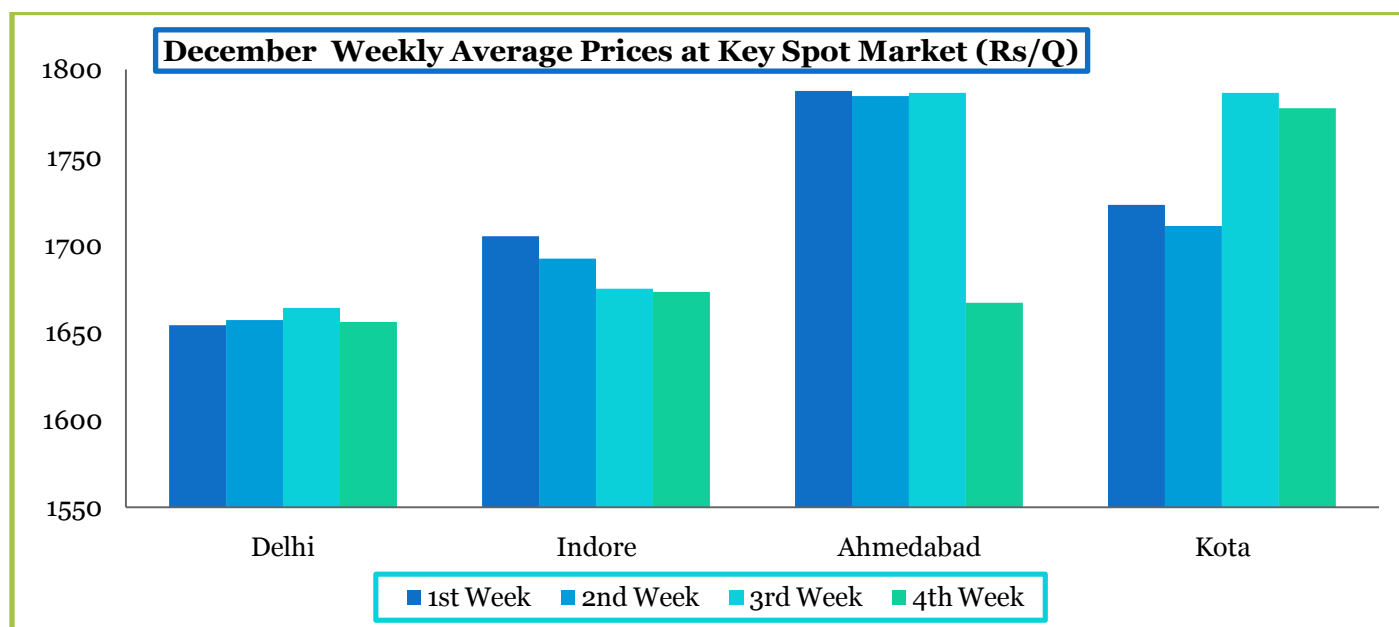
Weather would be mainly dry/dry over rest of the country.

Fog/shallow fog would occur at a few places over northwest Madhya Pradesh, Bihar, SubHimalayan West Bengal, Assam, Arunachal Pradesh and Tripura in morning hours during next 48 hours.

Minimum temperatures would rise by 24°C over northwest and adjoining central India and maximum temperatures would fall by 23°C over the same region.

#### Weekly Prices Comparison of key Domestic Spot Market:





\* Kota Mandi prices unavailable for 10 days

Key spot wheat mill delivery prices traded steady to moderately weak owing to increased OMSS release.

STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.12.2013:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
<b>EAST ZONE</b>	8.13	0.00	8.13
<b>NORTH EAST ZONE</b>	0.37	0.00	0.37
<b>NORTH ZONE</b>	90.02	141.30	231.32
<b>SOUTH ZONE</b>	4.69	0.00	4.69
<b>WEST ZONE</b>	18.92	44.43	63.35
<b>TOTAL</b>	<b>122.13</b>	<b>185.73</b>	<b>307.86</b>

(Figures in Lakh Tonnes)

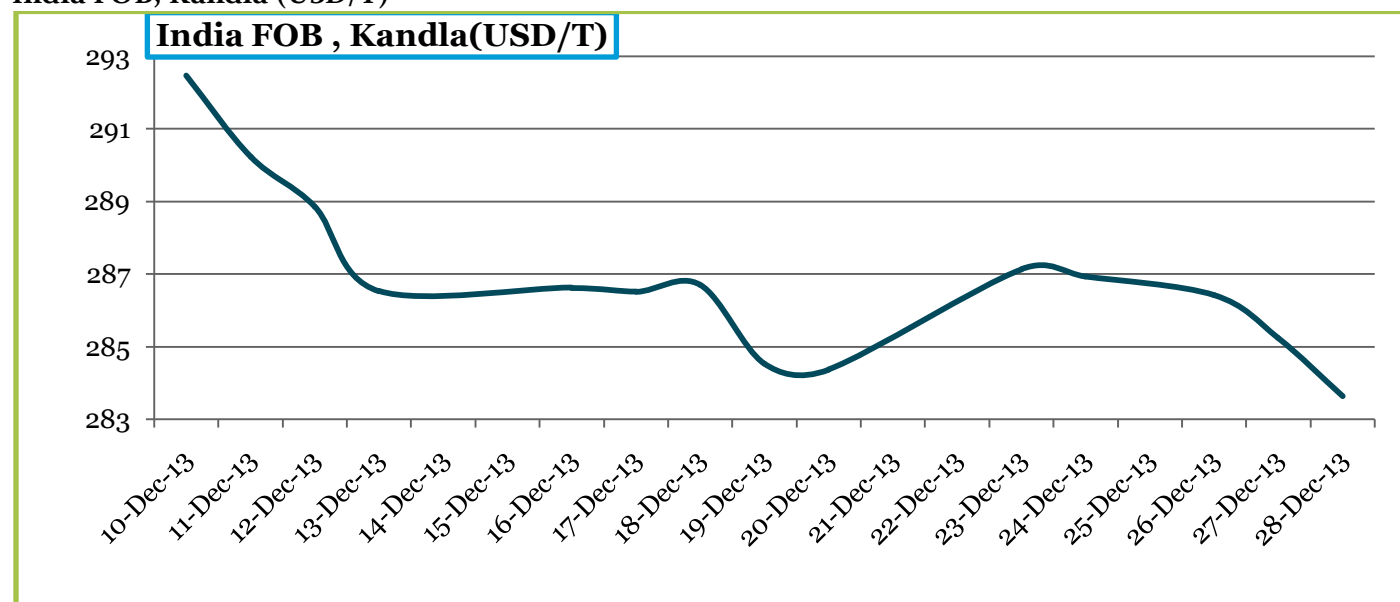
**FOB Value as on 28.12.2013 from various destinations at Kandla:**

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16200	16000	15900	16750	16000	14000	19100
Port and Handling Charges /Loading /Unloading /Clearing (Rs/ton)	500	500	500	500	500	500	0
Local transport, port warehousing, labour charges, shortage	700	1150	1900	1450	1550	1200	0
Indian FOB (Rs/MT)	17400	17650	18300	18700	18050	15700	19100
<b>Indian FOB (USD/MT)</b>	<b>279.56</b>	<b>283.58</b>	<b>294.02</b>	<b>300.45</b>	<b>290.01</b>	<b>252.25</b>	<b>306.88</b>
Insurance @ 0.1%	0.28	0.28	0.29	0.30	0.29	0.25	0.31
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	298	302	312	318	308	270	325
<b>INR</b>	<b>62.24</b>	<b>62.24</b>	<b>62.24</b>	<b>62.24</b>	<b>62.24</b>	<b>62.24</b>	<b>62.24</b>
<b>Russian Wheat FOB (USD/MT)</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>287</b>
<b>Parity on FOB Basis (USD/MT)</b>	<b>7</b>	<b>3</b>	<b>-7</b>	<b>-13</b>	<b>-3</b>	<b>35</b>	<b>-20</b>

## Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	28 Dec , 2013	week ago 21 Dec, 2013	Month ago 28 Nov 13	Year ago 28 Dec 2012	Change over previous Year %
<b>Indore</b>	1690	1713	1700	1570	7.64
<b>Bareilly</b>	1735	1740	1723	1540	12.66
<b>Delhi</b>	1661	1660	1670	1568	5.93
<b>Khanna</b>	1767	1756	1759	1651	7.03
<b>Kanpur</b>	1670	1670	1670	1490	12.08
<b>Karnal</b>	1550	1550	1590	1500	3.33
<b>Rajkot</b>	1696	1713	1705	1655	2.48
<b>Kota</b>	1689	-	1725	1633	3.43

### India FOB, Kandla (USD/T)



### Wheat Export Monthly Data:

	Wheat Export(Lakh T)	Average FOB Quotes(USD/MT)	CBOT Average Quotes (USD/MT)
<b>Sept 11- Mar 12</b>	<b>7.38</b>	<b>232.12</b>	<b>237.46</b>
Apr-12	1.17	236.89	235.13
May-12	1.93	252.15	236.73
Jun-12	4.13	256.64	245.82
Jul-12	2.88	296.12	318.27
Aug-12	4.79	310.07	328.89
Sep-12	9.39	314.48	326.52
Oct-12	6.62	312.11	317.84
Nov-12	6.90	320.19	317.04
Dec-12	4.96	326.70	299.60
Jan-13	7.81	325.04	282.26
Feb-13	6.48	324.11	270.06

Mar-13	7.92	303.64	262.31
<b>Total 12-13</b>	<b>64.96</b>	<b>298.18</b>	<b>286.71</b>
Apr-13	8.32	303.06	256.85
May-13	8.66	309.11	258.13
June-13	8.24	291.51	252.7
July-13	4.46	282.82	243.62
Aug-13	3.18	265.67	240.16
Sept-13	1.79	267.21	241.05
Oct-13*	0.57	271.70	253.25
Nov-13*	0.65	279.27	242.74
<b>Total 13-14</b>	<b>35.87</b>	<b>283.79</b>	<b>248.44</b>

Source: DGCIS, \*Provisional Data (As per IBIS)

#### Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			28.12.2013	21.12.2013	
Delhi					
	Lawrence Road	Mill Quality	1657	1660	-03
	Nazafgarh	Mill Delivery Loose	1620	1640	-20
	Narella	Mill Delivery Loose	1575	1645	-70
Gujarat	Rajkot	Mill Delivery	1700	1690	10
	Ahmadabad	Mill Delivery	1780	1780	Unch
M.P.	Bhopal	Mill Quality Loose	NA	1610	-
	Indore	Mill Delivery	1750	1750	Unch
Rajasthan	Kota	Mill Quality	NA	NA	-
U.P.	Mathura	Mill Quality Loose	1550	1550	Unch
Punjab	Khanna	Mill Quality Loose	1550	1550	Unch
Haryana	Sirsa	Mill Delivery loose	NA	1540	-

Commodity: Wheat

Exchange: NCDEX

Contract: January

Expiry: 20<sup>th</sup> January, 2014**Wheat (Weekly Chart)****Technical Commentary:**

- Candle stick chart depicts upward movement in the market.
- Rise in OI and price indicates Long Buildup.
- Prices closed above 9days EMA.

**Strategy: Buy On Dips**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	January	1642	1654	1685	1693	1700
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Buy	Above 1678	1684	1689	1671

\*Do not carry forward the position until the next Week.

**Domestic Weekly Outlook:** Market is likely to trade steady to slightly firm owing to increase in price.

### International Market Updates:

**The global wheat market continues to trade under pressure** on the back of surplus wheat situation. Huge global stockpiles and favorable production prospects worldwide remain un-supportive to the global wheat market.

**Lower export volumes, higher stock and improved production** prospects in US are undercutting US market prices. Situation is unlikely to improve at global price front as Australia remains active seller with ample marketable surplus this year. Indian wheat too helps prices to rule lower.

**Bangladesh state grain buying agency** has received no bid in recent tender which was reissued as bidder failed to supply wheat. Mid gulf International had made a bid of USD 311/MT CIF liner out on 11 Dec tender.

**Ukraine has exported 6.64 million tonnes of wheat from** 1st July 2013 to 23rd December 2013 as compared to 5.81 million tons for the same period. Ukraine's grain export has risen by 27.7% in this season so far to 17.6 million tones as compared to previous season.

**Morocco will remove import duty on** Soft wheat import from 1 Jan 2014 to April 2014 to contain rising domestic wheat prices by boosting import. Morocco is expected to import around 2 million tones till next harvest in April.

**Ministry of Agriculture in Argentina** has raised the wheat production estimate to 9 million tons from 8.5 million tons for 2013-14 crops.

**EU's second largest wheat producer and** exporter are expected to expand winter wheat sowing by 2.5% to 3.3 million hectares owing to good demand and favorable weather conditions.

**Tunisian state grain buying agency has** bought 109,000 MT of soft wheat at USD 314.89/MT CNF and 134,000MT of Durum wheat at USD 379.84/MT CNF.

**Iraq state grain buying board has bought 350,000** MT of Australian wheat in numerous tenders in the range of USD 339.70-346.46/MT, CNF Free out to be delivered between 12 March 2014 to 25 May 2014.

IGC Wheat Balance Sheet

(Quantity in MMT)

	2008-09	2009-10	2010-11	2011-12	2012-13 Est.	Projection for 2013-14	
						31.10.2013	29.11.2013
<b>Production</b>	685	679	653	695	655	696	698
<b>Trade</b>	137	128	126	145	141	142	142
<b>Consumption</b>	645	652	657	696	673	690	692
<b>Carryover stocks</b>	173	199	194	193	175	182	181
<b>Y-O-Y change</b>	41	27	-4	-1	-18	7	6
<b>Major Exporters</b>	69	79	73	69	48	53	51

## Indicative FOB Quotes:

	Variety	% Change over Prev. Year	19.12.13	Week Ago 12.12.13	Month Ago (Nov)	3 Months Ago (Sept)	Year Ago (Dec)
USA (Gulf)	SRW 2	<b>-16.20</b>	268.48	277.00	281.00	273.00	320.40
France	FCW3	<b>-14.22</b>	282.23	282.32	275.73	251.00	329.00
United Kingdom	Feed wheat	-	NA	NA	NA	248.90	324.20
Australia	CWRS	<b>-20.07</b>	262.00	274.00	279.00	300.00	327.80
Russia	SRW	<b>-11.15</b>	287.00	283.00	280.00	247.00	323.00
Ukraine	SRW	<b>-10.94</b>	285.00	280.00	277.00	245.00	320.00
Argentina	SRW	<b>-6.94</b>	335.00	335.00	355.00	295.00	360.00

Global wheat market is expected to trade weak on higher wheat production estimate of 706.38 million tones and IGC latest estimate of 698 million tones may keep market under pressure in medium term.

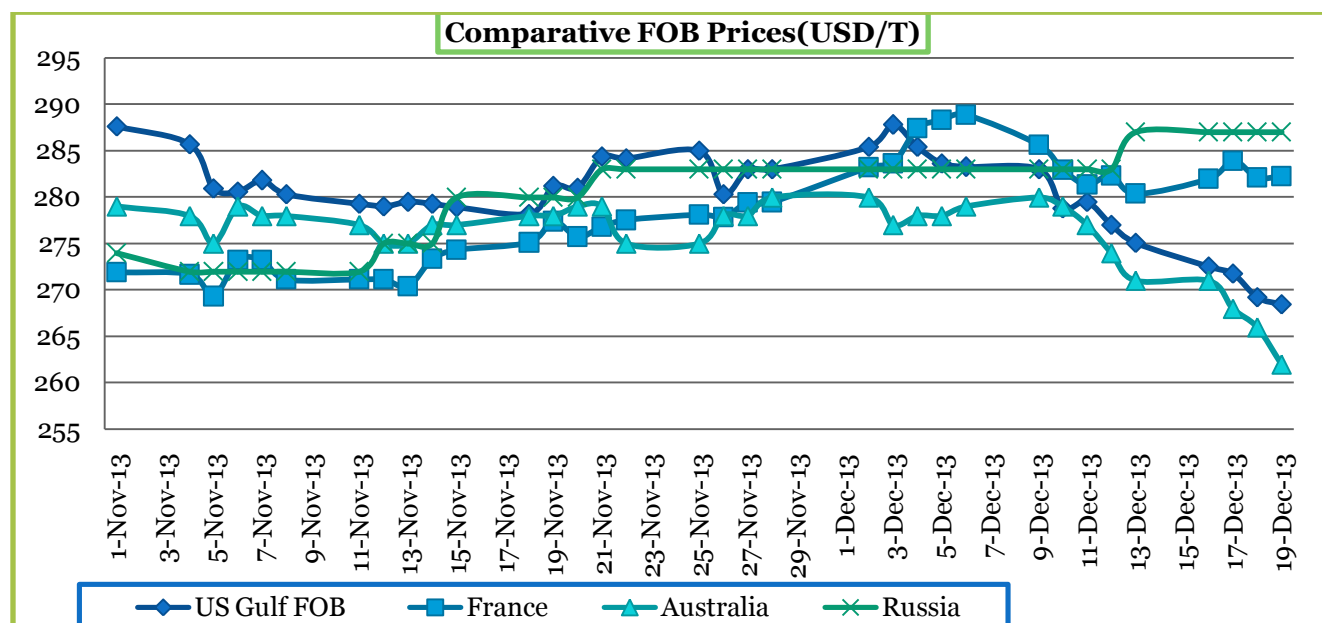
## CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 27.12.13 (USD/T)							
CONTRACT MONTH	27 Dec 13	Week ago (20 Dec 2013)	1 Month ago(27 Nov 13)	3 Month ago(27 Sept 13)	6 Month ago(27 Jun 13)	1 Year ago(27 Dec 12)	% Change over previous year
14-Mar	223.75	225.40	243.77	254.06	258.28	304.12	<b>-26.43</b>
14-May	226.41	228.06	245.42	255.07	261.68	304.02	<b>-25.53</b>
14-Jul	228.25	229.53	244.14	251.39	262.97	296.95	<b>-23.14</b>
14-Sep	231.83	233.02	246.98	252.95	265.26	299.43	<b>-22.58</b>
14-Dec	236.61	237.71	250.66	256.08	267.83	302.37	<b>-21.75</b>
15-Mar	239.54	240.65	252.77	258.93	268.84	300.07	<b>-20.17</b>

## CBOT March 14 Future Charts:





**International FOB prices Weekly price Movement (USD/T):**

Note: Due to Christmas and New Year holiday in U.S. and other international markets data is unavailable in current week.

**International Weather update: (Source-USDA)**

**Australia-** Temperatures in major summer crop areas were generally seasonable. Elsewhere, hot, mostly dry weather in western and southeastern Australia favored winter grain and oilseed harvesting, which is reportedly approaching completion in most areas.

**Argentina-** Drier conditions accompanied the heat, with rainfall totaling below 25 mm in most areas. While favoring drydown and harvesting of winter grains, conditions were overall unfavorable for summer grains and oilseeds, particularly early-planted corn advancing through reproduction

**Russia and Ukraine** –Dry, mostly mild weather maintained favorable overwintering conditions for wheat. Temperatures averaged 1 to 4°C above normal in western and northern crop areas, minimizing the risk of winterkill. Colder-than-normal conditions (up to 5°C below normal) lingered in Russia's Southern District, although 2 to 15 cm of snow cover protected dormant winter wheat from temperatures as low as -19°C.

**Canada-** A slow-moving cold front generated much-needed rain (2-35 mm, locally more) on the Iberian Peninsula, ending a month-long dry spell and providing soil moisture for winter wheat and barley establishment. Rain was also reported across the United Kingdom, France, and the Low Countries, maintaining favorable soil moisture reserves for dormant winter crops.

**International Weekly Outlook:**

*International market is likely to trade steady to slightly firm on increased demand from China and Brazil, however in medium term market is expected to remain steady to weak.*

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